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SOUTH CAROLINA State of the State



S. G. STANLEY
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STATE DOCUMENTS

Governor Carroll A. Campbell, Jr.

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1994 State of the State Address

Mr. President, Mr. Speaker, Ladies and Gentlemen of the 110th General Assembly, Constitutional Officers, Cabinet appointees, my fellow South Carolinians:

Tonight for the eighth time I report on the State of our State.

To make this assessment, let's consider recent history, take stock of today, and look ahead to the promise of the future.

To prepare our state for tomorrow, we focused on the families of South Carolina. And, like many of those families, we have had our disagreements. But we've set them aside and gotten the job done, especially on pocketbook issues.

Together, we cut the personal income tax and indexed the brackets to inflation. We cut the corporate tax from six to five percent, stimulating an era of unprecedented growth.

We cut the capital gains tax and increased the retirement exclusion. We cut license tag fees by \$5.

Even with a modest gas tax increase to fund economic development and strategic road building, we have cut general taxes more than \$240 million.

And if you want to include fee increases that most people don't pay, such as nuclear waste disposal, bingo and coin-operated machines, we still have a net tax reduction of \$138 million!

We allowed companies making large investments to negotiate a flat fee for property taxes, saving them nearly \$23 million. In return, we got more than \$2 billion in capital investments.

Have we lost money with these cuts? No. Our corporate revenues are up by 40 percent for the first half of this fiscal year.

And tonight, I am proud to announce the latest figures from our Commerce Department which show new capital investments in 1993 of \$2.5 billion.

Last year, investment was generated in every county of our state, creating quality jobs that will pay \$5,000 more than the state average for all industries.

Ladies and gentlemen, we have forged the best economic package in the nation. In the last seven years new and existing companies have invested a record \$19.5 billion in South Carolina.

The effects of tax cuts, job-tax credits, industrial enterprise zones and other initiatives are dramatic: our seven year total is greater than the total capital investment in South Carolina for the previous 15 years.

Our pro-growth approach helped us to:

- weather downturns in the national and global economies;
- come through Hugo and pay off a \$31 million debt;
- reach an agreement with federal retirees;

- put \$167 million back into the rainy day reserve funds that had been drained just a year ago;
- come to terms with the Catawba Indians and open new vistas for economic development south of Charlotte;
- maintain two triple-A credit ratings -- we've never had more than two -- and our goal should be to have three, without raising taxes;
- end the last fiscal year with a \$100 million surplus and our general fund revenue collections through December are growing at a rate of 10.3 percent;
- and, best of all, even in the face of tremendous cutbacks at the Savannah River site and base closures at Myrtle Beach and Charleston, we have 230,000 more South Carolinians working today than in 1987.

That's nearly a quarter million more individuals working at higher wages and, most important, supporting their families.

Most families go through the day without thinking much about government. But those of us in government shouldn't go a day without thinking about families.

Families are the foundation of our society and they need support today more than ever. Many are in trouble. And the children suffer most.

We see it in children prepped for street life instead of school life.

Police and judges talk of a new type of juvenile: hardened, heartless and cruel beyond their years.

In his book, High Risk, psychologist Ken Majid says "children who do not form a deep emotional attachment to a parent in the early years fail to develop a sense of right and wrong."

It is a mistake to consider drug abuse, teenage pregnancies, dropouts and juvenile crime as diseases. They are symptoms of a disease having spiritual and moral dimensions.

The disease is the destruction of the family.

Too often government itself undermines families and drains their resources.

So tonight I ask that we refocus this government: we should bolster family finances, help educate children, improve public safety, and support those in need just enough so they won't always need that support.

Pocketbook pressure is a major stress on families, and government doesn't help matters with big programs and bureaucracies. I've already told you how tax relief can stimulate growth. Let's use some tax relief to strengthen families.

Over the years, we've indexed retirement and other programs to inflation. If state and federal government had done the same 20 years ago to the deduction parents take for their children, that tax break would be close to \$7,000 today.

Instead, it's still \$2,350 while the cost of raising young children has skyrocketed.

I am asking you to double the tax exemption to \$4,700 for children under six.

When fully phased in over four years, this would mean a \$329 tax cut for families with two children. That's a rent payment, several weeks groceries, or a month or more of daycare.

I'd like to do more, but this is a start. And let's send a message to Congress and the Administration to do the same for the families of America.

Families can spend their money better than government can. Therefore, we should reject any attempt to raise taxes on our hardworking citizens.

South Carolina's corporations have shown us how to create more jobs by reinvesting the money we let them keep through lower taxes. And we shouldn't raise taxes on our job creators, either.

When a South Carolina family spends the money it saves in taxes, when a South Carolina corporation expands or a small business opens its doors, we reap the benefits of a growing economy.

I say we should use that growth. Representative Boan has made a proposal to eliminate residential property taxes for education. It must be paid for, but without raising other taxes.

Together, we phased in other tax cuts, including personal income and capital gains. So, let's phase in property tax relief.

First, freeze homeowners' property taxes for education at present levels.

Then we can reduce this tax by 25 percent each year, using revenue growth to make up the difference, until residential property owners no longer bear an unfair share of education costs.

We must not forget that every dollar we spend in government comes from the hardworking taxpayers of this state.

That's why we passed what I consider the most significant legislation of South Carolina's modern history, the government restructuring act.

In just six months, we are seeing benefits.

Agencies which had rarely worked together are cooperating in areas ranging from juvenile justice to public safety.

We're consolidating the process of business permitting without compromising our environmental standards.

We put nearly 200 more troopers on our highways during the 78-hour New Year's holiday. Drunk driving arrests were down and not one person died on South Carolina's roads.

I've sent a list of 10 names to the Senate for consideration as the first confirmed Governor's cabinet in South Carolina history. I have faith in their ability and respect for their dedication. I urge swift confirmation of these agency heads.

And for all state employees who are working hard for our citizens, I ask you to grant an average 3.6 percent pay raise.

You took a major reform step two years ago in passing one of the strongest ethics bills in the country, but we can do more to increase accountability.

You have before you a bill to limit the terms of elected officials. Send me a reasonable bill that is not retroactive and I will sign it.

I urge you to look for other areas where reorganization will spawn greater efficiency. And I suggest that you look to higher education.

I have been involved in South Carolina government for 24 years. I've watched lobbyists from individual schools fighting each other and with the Commission on Higher Education for program dollars and operating capital.

Then the universities end up spending millions on remedial courses which our nationally-recognized technical colleges already provide at a lower cost.

I suggest that you restructure the governance of higher education and involve the colleges and universities. They must have a seat at the table.

We must insist on communication among all components of higher education, including our technical colleges. That will end duplication. And we can save the \$5.5 million our universities have been spending to comply with another level of bureaucracy.

Of course, we have much to be proud of at every level of our education system.

In 1988 we passed the Cutting Edge legislation to address higher education admission standards, increase research dollars, and measure program effectiveness. This year I am proposing a three million dollar expansion for Cutting Edge.

South Carolina ranks eighth in the nation in advance placement exams administered to 11th and 12th graders for college credit.

Black enrollment in our universities hit an all-time high in 1992.

Our Governor's School for Math and Science is ranked among the top 15 high schools in America after just five years of operation.

We have had more winners in the Texaco Star National Academic Championships than any other state, and in 1992 had four of the top five teams. Our young people can compete with anyone in the nation!

Our work force development programs have won national recognition and serve as models for programs in other states.

We will soon provide high-quality teacher training at 13 centers throughout the state under a plan developed by my Math and Science Advisory Board. I've

included \$1.8 million in my budget to match a \$10 million grant for this from the National Science Foundation. This must be funded.

We passed Target 2000 legislation, and enhanced it last year with the Early Childhood and Academic Assistance Act, reallocating almost \$100 million to the front end of the learning process.

We are putting greater emphasis on student achievement. And we are retooling our curriculum through Tech Prep to prepare our young people, whether they're interested in a high tech job or higher education.

This year I propose a pay raise of 3.6 percent for our teachers, which will help us meet the projected southeastern average for fiscal year 94-95.

I join Education Superintendent Nielsen in her call for an administrative spending cap in every school district.

And we need to review the justification for having 91 school districts, when a minimum student population per district would help us direct education resources more toward the students.

We can't throw money into bureaucracy when we face a crisis in transporting our children to school.

By 1995, 77 percent of our fleet statewide will have traveled more than 100,000 miles or will have been in service more than ten years. So I have asked you to budget \$26 million for 500 new buses.

Our Education Department needs books and instructional materials in 16 subject areas. I am asking for \$11 million to address this need.

South Carolina is one of three lead states in implementing the readiness portion of the National Education Goals I co-authored. The best way to get our children ready for life and ready to learn is to get parents back into the process as the child's first teacher.

Teach your children right from wrong today and chances are they won't be seen in a detention hall, much less a detention center.

If we are going to keep putting nearly half of our budget into education, we need to make sure our children and our teachers have a safe learning environment.

In 1990 I signed the Safe Schools Act, targeting drug dealers and increasing penalties for bringing weapons to school. We need to do more.

I call on you to join me in putting every student on notice: when you show up for school, it's to learn. The only thing you'd better be packing is a book bag.

Tonight, I ask you to require an immediate 60 days in our new juvenile boot camp program for any student carrying a weapon onto school grounds.

It is illegal for a South Carolinian under 21 to buy a handgun. It is illegal for anyone without a permit to carry a concealed handgun.

A teenager who threatens someone with a gun has broken laws for having it, concealing it and using it in a crime. Tonight I call on our judicial system to enforce all three laws to their fullest extent.

While my budget includes \$5 million to improve the Department of Juvenile Justice, I also ask you to ensure that status offenders are no longer locked up with violent juveniles, where they learn all of the tricks of the crime trade.

The law prevents first time status offenders from entering the general population, but it doesn't stop a judge from placing probation violators with violent offenders.

So I ask you to expand the Wil Lou Gray Opportunity School in Lexington County and the John de la Howe School in McCormick County to provide an alternative for non-violent offenders.

The cost can be covered in part by having the money follow the student from their home school district for the duration of the stay. The balance will come from savings incurred by keeping the child out of our juvenile justice system.

There's a good chance the child we keep on the outside of juvenile justice facilities will become an adult who won't see the inside of our prison facilities.

As Representative Rogers has noted, similar logic should be applied to non-violent offenders in our adult prison system.

My budget calls for \$2 million to put 600 non-violent offenders in Community Control Centers and \$1 million to expand electronic monitoring.

Also, I have included money to open prisons at Turbeville and Trenton, and to re-open additions to the Dutchman and Coastal prisons. This will serve notice that we will not put violent criminals on the street because some judge says inmates are suffering from overcrowding.

The essential duty of government is ensuring public safety. We can't protect people if career criminals are running through a revolving door at the court house. We need truth in sentencing!

Our message should be clear: if a South Carolina judge gives you six years in 1994, say good-bye until the next century! And career criminals can say good-bye for life!

Government can and must fight crime, but the family continues to be our best hope for rebuilding the character of our state and our nation.

While we have a \$100,000 Kellogg Foundation grant to help reform our adoption and foster care systems, our efforts must emphasize the influence of loving parents.

We are joined this evening by a man whose mission in life is to help the child who knows no parents. As an orphan who has risen to great success, he's the nation's leading proponent of adoption. Please join me in welcoming the founder of Wendy's, Dave Thomas.

His leadership on this issue and his friendship to me and all South Carolinians led to this proposal. I ask you to help build families in our state through a new adoption incentive.

My plan will help pay direct costs of up to \$5,000 for state employees who adopt, or up to \$10,000 for those adopting a child with special needs.

In addition to benefits we already provide, this incentive gives substantial aid for state employees who have long wanted to adopt.

And I urge South Carolina businesses to encourage adoption by extending similar financial support to their employees.

Every child deserves a family and a chance to develop to his or her greatest potential in a loving atmosphere.

Few children who are fortunate enough to be invited into a loving home return to the social services system as adults, except to give a helping hand to another child. Dave Thomas is an example of that.

In spite of our best efforts to keep families together, federal regulations break them apart. Consider the irony. The program called "Aid to Families with Dependent Children" denies benefits if that family has a mother and a father living under the same roof.

I have directed the state Department of Social Services to ask for a waiver allowing both parents to live in the household. I am saying to federal bureaucrats that we believe in keeping families together.

People need help from time to time and government has a role. But welfare is no longer a pathway to personal responsibility because we make it more attractive than going to work.

But too often welfare recipients are penalized for trying to improve their lives.

For example, transportation gets people to schools and jobs that will help them one day move off the welfare rolls and onto a payroll. But we don't allow those on public assistance to own dependable transportation.

We should never lose sight of the fact that the best welfare program is a job!

The House Welfare Reform Task Force has made many good recommendations to help those who need help and to target those who abuse the system.

I wonder, though, how many billions of dollars we've spent in America helping those who might have been self-sufficient if one parent hadn't abandoned the family. Or, how many families might not have been on welfare if the exemption for children under six had been allowed to grow.

My budget includes money to create a computer link between DSS and every family court in the state. When a judge orders child support to be paid, DSS will know immediately.

97 percent of all adult recipients of Aid to Families with Dependent Children are female. I believe we can help these women get the help they need.

Ten years ago, I was a sponsor of the first federal law requiring parents to support their children.

I propose tonight that we require every woman going to the hospital delivery room to name the father, or the likely father of that child.

A young man at age 15 or 16 may not be able to support a child today. But, someday, when he's 23 or 24 years old and has a job, that child will be nearly ten and will need his help. That young man should be made to pay support.

Too many children are having children. One of the most important messages parents can convey is that abstinence is the only sure way to prevent unwanted pregnancy and disease.

And every woman on welfare should be on some type of birth control.

Government isn't supposed to raise children. But we can provide support through school nurse screenings and immunization programs.

And next week, I will announce a new initiative to make sure our youngest South Carolinians have the healthiest start in life.

As the national debate on health care continues, we recognize some problems with delivery of care and with cost and coverage. But we still have the best medical care in the world and I caution Congress and the Administration not to operate on the healthy parts of the system.

One of our most valuable health care tools is education. We can control costs by educating people.

The emergency room can do no more than a family doctor to relieve a sore throat or a cold. But emergency room charges for minor problems are busting our budgets through cost shifting. That's how the price of an aspirin on a hospital bill rises to \$20!

Every family should have a primary health care provider, whether it is a doctor at an urban clinic or a nurse practitioner in a rural area.

One of the best places to begin getting costs under control is Medicaid. When I took office, the state's Medicaid costs were \$120 million. Today, partly because of federal mandates, costs have risen to \$341 million.

I am asking the federal government for a Medicaid waiver to create a managed care system, so recipients will have a place to go other than the emergency room for routine care.

As part of the waiver, I want to stop spending \$24 million a year to determine Medicaid eligibility. South Carolinians at or below the poverty level should be eligible for coverage.

Once we begin to realize savings through managed care and a change in disproportionate share distribution, we will start bringing the working poor into the system.

To reduce pressure on employers' health care costs, I urge you to allow small businesses to form insurance-purchasing groups. We also need a defined minimum policy, medical malpractice reform, and coverage that can be transferred from job to job.

Health care, jobs, taxes, education -- all of these are issues today's families care about as they plan for the future.

Over the course of seven years, you and I have done our best to follow the guideposts our forefathers left for us. They had no guarantees of success, only opportunities.

Today, we can be proud that we ventured toward opportunity even as we struggled through and overcame crisis.

And sometimes when our family disagreed, we benefitted anyway.

For example, I said no-fault, and some of you said no way. But there have been some reductions because we forced examination of the automobile insurance system.

Good drivers are paying less than half the bad driver subsidy they paid in 1987, and the subsidy will drop more with the new bidding process on the Reinsurance Facility.

The Insurance Commission tells me 60 percent of the state's drivers are getting a rate cut this year.

And Henry Brown's choice-no fault bill is on the calendar for debate. Don't say no way this year!

It's been said that wisdom often consists of knowing what to do next.

We were wise in the last seven years to set aside more than 160,000 acres of forests and wetlands as protected preserves, a living legacy for our children.

We were wise to keep Barnwell open a little longer because North Carolina is now on schedule for a new facility and we're getting out of the low-level waste disposal business.

As a state and as a people, we have won great victories and we have been wise to prepare ourselves to win more.

At my Inauguration in 1987, I shared with you my vision of South Carolina: a place where people have the opportunity to live and work and raise their families in an environment that is clean and safe; where every child can grow up with the opportunity to get a good education and a decent job. A South Carolina where citizens have access to good health care; where our elderly can retire in dignity and walk the streets unafraid.

These are the ideals that link generations past and future. These are the objectives that gave us the unity of purpose to reach so many goals together in the last few years.

With our faith in God and the families that give South Carolina its character, we have the power to shape the future through our work.

With the challenge of having our children rely on us and the enrichment their trust brings, we find the courage to instill in them the power to shape their own lives.

Our hope is for the children, that we have prepared them well as they embark on a new millenium.

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